

EXHIBIT 1

INTRODUCTION

In 2004, Respondent Southern Wine & Spirits of California, Inc., a California corporation, was the largest wine and spirits distributor in the State of California, and was owned by parent company, Southern Wine & Spirits of America, Inc. Respondent's headquarters was located in Union City, California.

During the first semi-annual campaign reporting period January 1, 2004 to June 30, 2004, Respondent made \$144,900 in contributions, and thereby qualified as a "major donor committee" under the Political Reform Act (the "Act").¹ As such, Respondent was required to comply with specified campaign reporting provisions of the Act. Respondent began filing major donor campaign statements in 1989.

In 2004, during the late contribution reporting period prior to the March 2, 2004 primary election, Respondent made late contributions totaling \$82,000. Most of these late contributions were made on March 1, 2004 to a total of forty-one different campaign committees. As a major donor committee, Respondent had an obligation to disclose the making of late contributions within 24 hours on a late contribution report in paper format. Once it made contributions in excess of \$50,000 during the calendar year, Respondent was also required to file late contribution reports in electronic format with the Secretary of State's office. In this matter, Respondent failed to file any late contribution reports until April 12, 2004, nearly six weeks after the primary election.

For the purposes of this stipulation, Respondent's violations of the Act are stated as follows:

- COUNT 1:** Respondent Southern Wine & Spirits of California, Inc. failed to timely disclose a \$2,000 late contribution made to "Claudia Alvarez for Assembly" in a properly filed paper late contribution report, by the February 21, 2004 due date, in violation of section 84203, subdivision (a).
- COUNT 2:** Respondent Southern Wine & Spirits of California, Inc. failed to timely disclose a \$1,000 late contribution made to "Bermudez for Assembly" in a properly filed paper late contribution report, by the February 21, 2004 due date, in violation of section 84203, subdivision (a).
- COUNT 3:** Respondent Southern Wine & Spirits of California, Inc. failed to timely disclose a \$4,000 late contribution made to "Shirley Horton for Assembly" in a properly filed

¹ The Political Reform Act is contained in Government Code sections 81000 through 91014. All statutory references are to the Government Code, unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in sections 18109 through 18997 of title 2 of the California Code of Regulations. All regulatory references are to title 2, division 6 of the California Code of Regulations, unless otherwise indicated.

paper late contribution report, by the February 28, 2004 due date, in violation of section 84203, subdivision (a).

COUNT 4: Respondent Southern Wine & Spirits of California, Inc. failed to timely disclose late contributions totaling \$75,000 made to various campaign committees, in a properly filed paper late contribution report, by the March 2, 2004 due date, in violation of section 84203, subdivision (a).

COUNT 5: Respondent Southern Wine & Spirits of California, Inc. failed to timely disclose late contributions totaling \$75,000 made to various campaign committees, in a properly filed electronic late contribution report, by the March 2, 2004 due date, in violation of section 84605, subdivision (a).

SUMMARY OF THE LAW

An express purpose of the Act, as set forth in section 81002, subdivision (a), is to ensure that the contributions and expenditures affecting election campaigns are fully and truthfully disclosed, so that voters may be fully informed and improper practices may be inhibited. To that end, the Act sets forth a comprehensive campaign reporting system.

Section 82013, subdivision (c) includes within the definition of “committee” any person or combination of persons who directly or indirectly makes contributions, including loans, totaling ten thousand dollars (\$10,000) or more in a calendar year to, or at the behest of, candidates or committees. This type of committee is commonly referred to as a “major donor” committee.

Section 84203, subdivision (a) requires that when a committee makes or receives a late contribution, the committee must disclose the contribution in a late contribution report that must be filed within 24 hours of making or receiving the contribution. Section 82036 defines a “late contribution” as a contribution aggregating \$1,000 or more that is made to or received by a candidate or a candidate controlled committee before an election, but after the closing date of the last pre-election campaign statement that is required to be filed. Under section 84200.8, subdivision (b), for an election not held in June or November of an even-numbered year, the late contribution period covers the last 16 days before the election.

Section 84215, subdivision (a) requires all major donor committees that make contributions supporting or opposing candidates, ballot measurers, or committees to file their campaign statements with the offices of the Secretary of State, the Registrar-Recorder of Los Angeles County, and the Registrar of Voters for the City and County of San Francisco.

Section 84605, subdivision (a) requires a committee, as defined in subdivision (c) of section 82013, to file campaign statements online or electronically with the Office of the Secretary of State, if it makes contributions of fifty thousand dollars (\$50,000) or more in a calendar year. Section 84605, subdivision (i) specifically provides that candidates and committees that file electronically must continue to file their campaign statements in a paper format. Under section 84605, subdivision (i), a committee’s paper campaign statements continue to be the official filings of the committee.

SUMMARY OF THE FACTS

During the semi-annual reporting period January 1, 2004 through June 30, 2004, Respondent Southern Wine & Spirits of California, Inc. made \$144,900 in campaign contributions. By making contributions of \$10,000 or more in the 2004 calendar year, Respondent qualified as a major donor committee under section 82013, subdivision (c). As a major donor committee, Respondent had a duty to file late contribution reports, disclosing, within 24 hours, the late contributions that it made. The late contribution reporting period for the March 2, 2004 primary election was February 15, 2004 through March 1, 2004.

By March 1, 2004, Respondent had made contributions cumulating over \$50,000, and therefore, Respondent was also required to file its reports online or electronically.

COUNT 1

Failure to Timely File a Late Contribution Report

On February 20, 2004, during the late contribution reporting period, Respondent made a \$2,000 contribution to the “Claudia Alvarez for Assembly” committee. As a major donor committee, Respondent had a duty, under section 84203, subdivision (a), to file a late contribution report within 24 hours, disclosing this late contribution. Respondent was required to file the late contribution report at all of the locations specified in section 84215, subdivision (a). Respondent failed to timely file a late contribution report by February 21, 2004, in violation of section 84203, subdivision (a).

COUNT 2

Failure to Timely File a Late Contribution Report

On February 20, 2004, during the late contribution reporting period, Respondent made a \$1,000 contribution to the “Bermudez for Assembly” committee. As a major donor committee, Respondent had a duty, under section 84203, subdivision (a), to file a late contribution report within 24 hours, disclosing this late contribution. Respondent was required to file the late contribution report at all of the locations specified in section 84215, subdivision (a). Respondent failed to timely file a late contribution report by February 21, 2004, in violation of section 84203, subdivision (a).

COUNT 3

Failure to Timely File a Late Contribution Report

On February 27, 2004, during the late contribution reporting period, Respondent made a \$3,200 contribution and an \$800 contribution to the “Shirley Horton for Assembly” committee. As a major donor committee, Respondent had a duty, under section 84203, subdivision (a), to file a late contribution report within 24 hours, disclosing the late contributions totaling \$4,000. Respondent was required to file the late contribution report at all of the locations specified in section 84215, subdivision (a). Respondent failed to timely file a late contribution report by February 28, 2004, in violation of section 84203, subdivision (a).

COUNT 4
Failure to Timely File a Late Contribution Report

On March 1, 2004, during the late contribution reporting period, Respondent made contributions totaling \$75,000 to forty-one different campaign committees in the amounts listed in the chart below. As a major donor committee, Respondent had a duty, under section 84203, subdivision (a), to file a late contribution report within 24 hours, disclosing these late contributions. Respondent was required to file the late contribution report at all of the locations specified in section 84215, subdivision (a). Respondent failed to timely file a late contribution report by March 2, 2004, in violation of section 84203, subdivision (a).

Recipient of March 1st Late Contribution	Amount
Campbell for Senate	\$1,000
Friends of Lynn Daucher	\$1,000
Friends of Ken Maddox	\$1,000
Machado for Senate 2004	\$1,000
Sharon Runner for Assembly 2004	\$1,000
Friends of Juan Vargas 04	\$1,000
Nakanishi for Assembly	\$1,000
Ray Haynes for Assembly 2004	\$1,000
Joe Canciamilla for Assembly 2004	\$2,000
Chavez for Assembly 2004	\$2,000
Taxpayers for Dave Cox Senate 2004	\$2,000
Devore in '04	\$2,000
Diaz for Senate	\$2,000
Friends of Dymally	\$2,000
Frommer for Assembly	\$2,000
Friends of Bonnie Garcia	\$2,000
Friends of Tom Harmon	\$2,000
Guy Houston for Assembly	\$2,000
Ricky Ivie for Assembly 2004	\$2,000
Friends of Betty Karnett	\$2,000
Re-Elect Jay La Suer	\$2,000
Levine for Assembly	\$2,000
Carol Liu for Assembly	\$2,000
Friends of John Longville	\$2,000
Alan Lowenthal for Senate	\$2,000
MacAloney for State Assembly	\$2,000
Friends of Abel Maldonado	\$2,000
Committee to Re-Elect Bob Margett	\$2,000
Friends of Kevin McCarthy for Assembly 2004	\$2,000
Committee to Re-Elect Gloria Negrete McLeod 2004	\$2,000
Friends of Fabian Nunez 2004	\$2,000
Friends of Jenny Oropeza 2004	\$2,000

Plescia for Assembly 2004	\$2,000
Friends to Re-Elect Richman 2004	\$2,000
Re-Elect Ridley Thomas 2004	\$2,000
George Runner for State Senate 2004	\$2,000
Samuelian for Assembly	\$2,000
Simitian for State Senate	\$2,000
Friends of Mark Wyland	\$2,000
Leland Yee for Assembly	\$2,000
Horton 2004	\$3,000
Total	\$75,000

COUNT 5

Failure to Timely File an Electronic Late Contribution Report

On March 1, 2004, during the late contribution reporting period, Respondent reached the \$50,000 threshold that required Respondent to file its reports online or electronically under section 84605, subdivision (a). On March 1, 2004, Respondent made late contributions totaling \$75,000 to forty-one different campaign committees in the amounts listed in the chart in Count 4 above. As such, Respondent had a duty to file a late contribution report electronically by March 2, 2004 with the Office of the Secretary of State disclosing the late contributions. Respondent failed to timely file an electronic late contribution report by March 2, 2004, in violation of section 84605, subdivision (a).

CONCLUSION

This matter consists of five counts, which carry a maximum possible administrative penalty of \$25,000. This case was excluded from the Enforcement Division's Streamlined Late Contribution Program due to the number and total dollar amount of the violations. Under the Commission's streamlined program, the typical administrative penalty for failing to timely disclose a late contribution is 15 percent of the amount of the undisclosed contribution. For late contribution cases that are not resolved in the streamlined program, the typical administrative penalty is 15 to 25 percent of the total amount of the undisclosed contributions, depending on the circumstances of the violations.

In this matter, the violations occurred over the course of a statewide primary election cycle. Respondent failed to file any late contribution reports in a timely manner for the election cycle, despite making 44 separate late contributions during a 10 day period. The total amount of late contributions not timely disclosed, \$82,000, was a significant amount, and was not reported until nearly six weeks after the March 2, 2004 statewide primary election. In mitigation, the late contributions were timely reported by the recipients. Based on the foregoing factors, the imposition of a penalty in the higher end of the settlement range is appropriate.

Accordingly, the facts of this case justify the imposition of the agreed upon penalty of Twenty Thousand Dollars (\$20,000).